

## Data Sheet

<b>USAID Mission:</b>	Guatemala
<b>Program Title:</b>	Economic Freedom
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	520-022
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$3,957,000 DA
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$890,000 DA; \$10,000,000 ESF
<b>Year of Initial Obligation:</b>	2004
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** The USAID economic freedom program supports enterprises and business sectors through policy reforms, business development services, and other activities to create a greater number of more competitive rural business enterprises that can take advantage of regional and global market opportunities in high-value horticultural and specialty coffee exports, sustainable tourism, and certified sustainable forest products. The program works with the Government's National Competitiveness Program, Ministry of Economy, and Ministry of Agriculture and Livestock to identify policy priorities, coordinate, and monitor implementation. The program supports efforts to improve laws, policies, and regulations that promote trade and investment; encourage more competitive, market-oriented private enterprises; and broaden access to financial markets and services.

### Inputs, Outputs, Activities:

#### FY 2006 Program:

Improve Economic Policy and the Business Environment (\$891,000 DA). USAID funds trade and business climate short-term technical assistance to create or reform laws, regulations, and policies necessary to implement the Central America and Dominican Republic Free Trade Agreement (CAFTA-DR), improve trade facilitation to help Guatemalan companies compete in global markets and increase exports; improve the business climate to attract greater foreign investment and lower the costs of doing business; and preserve and value Guatemala's natural and cultural resources. Principal contractors: Abt Associates, Inc. and its subcontractors: the Academy for Educational Development (AED), Carana Corporation, The Services Group, and Counterpart International.

Improve Private Sector Competitiveness (\$1,478,000 DA). USAID will provide business development services to small and medium-scale rural enterprises in agriculture and agribusiness, tourism, and certified sustainable forest products to help them increase sales and employment, improve product quality, and integrate into regional and global supply chains. The program will also support the Missions efforts to support populations at risk under the Ruling Justly strategic objective and make rural at-risk youth aware of newly created employment opportunities in growing private rural enterprises. A portion of the services will be directed to enterprises damaged during Hurricane Stan to help them recover production processes, assets, and markets. Implementer to be determined through a competitive process.

Improve Sustainable Management of Natural Resources and Biodiversity (\$1,188,000 DA). USAID will make available business development services to small and medium-scale rural enterprises in forest products in the Mayan Biosphere Reserve and other forest areas to help increase the production and sale of certified sustainable forest products and conserve and monitor Guatemala's biodiversity. Grantees will help commercialize community forest concessions and other forest management efforts as sustainable business enterprises, build their capacity in marketing, maintain product certifications, monitor impacts on biological diversity,

comply with market standards, and increase the value of products to the communities. Implementer to be determined through a competitive process.

**Protect and Increase Food Security of Vulnerable Populations.** USAID supports the following cooperating sponsors to increase availability of food and income for rural families through improved production and marketing activities. Under the Food for Peace program, CARE trains 4,000 farm families in soil management and conservation practices on 480 hectares of land. An additional 4,500 families will participate in the SHARE program's increased family income program. The non-governmental organization, Save the Children, assists 1,746 people in agriculture and livelihood activities. Catholic Relief Services supports 8,954 small farmers in agriculture activities to improve productivity.

**Strengthen the Financial Services Sector and Increase Access to Capital (\$400,000 DA).** USAID uses up to \$400,000 in development credit authority funding to support Guatemalan commercial banks and credit cooperatives to encourage broaden market access to small and medium enterprises in the sectors of tourism, agro-industry, or forestry.

**FY 2007 Program:**

**Improve Economic Policy and the Business Environment (\$2,500,000 ESF).** USAID will make available trade and business climate experts to provide short-term technical assistance to create or reform laws, regulations, and policies necessary to implement CAFTA-DR, improve trade facilitation; improve the business climate to attract greater foreign investment and lower the costs of doing business; and preserve and value Guatemala's natural and cultural resources. Same partners as above.

**Improve Private Sector Competitiveness (\$3,500,000 ESF).** USAID will offer business development services to small and medium rural enterprises in agriculture and agri-business, tourism, and certified sustainable forest products to help them increase sales and employment, improve product quality, and integrate into regional and global supply chains. The program will also work with the Missions efforts to support populations at-risk under the Ruling Justly SO to make rural at-risk youth aware of newly created employment opportunities in growing private rural enterprises. A portion of the services will be directed to enterprises damaged during Hurricane Stan to help them recover. Implementers for activities funded by ESF resources will be selected by an interagency committee.

**Improve Sustainable Management of Natural Resources and Biodiversity (\$890,000 DA, \$1,500,000 ESF).** USAID grantees will provide business development services to small and medium rural enterprises in forest products in the Maya Biosphere Reserve and other forest areas to increase production and sales of certified sustainable forest products and conserve monitor Guatemala's important biodiversity. Grantees will help commercialize community forest concessions and other forest management efforts as sustainable business enterprises, build capacity in timber and non-timber marketing, maintain product certifications, monitor activity impacts on biological diversity and increase the value-added to products that accrues to communities. Implementers for activities funded by ESF resources will be selected by an interagency committee.

**Increase Agricultural Sector Productivity (\$2,500,000 ESF).** USAID will provide technical assistance and training support to the Government of Guatemala to implement rural development policy reforms, expand community-based approaches to land conflict resolution, improve agricultural research and outreach, and strengthen agricultural technology innovation and transfer. Implementers for activities funded by ESF resources will be selected by an interagency committee.

**Protect and Increase Food Security of Vulnerable Populations.** USAID will support cooperating sponsors to increase availability of food and income for rural families through improved production and marketing activities.

**Performance and Results:** Despite Hurricane Stan's extensive damage to Guatemala's economic base, Guatemala's high-value horticulture and specialty coffee exports have performed well, tourism receipts grew by 14% since 2004, and sales of certified timber and non-timber forest products have grown rapidly from a relatively small base. By the end of the strategy period in FY 2009, the program should advance by five positions Guatemala's rank in the World Economic Forum's Growth Competitiveness Index. Further, based on additional resources for the program from the planned figures for 2007, USAID expects sales of goods and services to increase by \$122 million and to create 102,000 jobs.

## US Financing in Thousands of Dollars

Guatemala

520-022 Economic Freedom	DA	ESF	PL 480
<b>Through September 30, 2004</b>			
Obligations	5,878	0	7,362
Expenditures	115	0	7,362
Unliquidated	5,763	0	0
<b>Fiscal Year 2005</b>			
Obligations	5,217	0	5,882
Expenditures	3,322	0	5,882
<b>Through September 30, 2005</b>			
Obligations	11,095	0	13,244
Expenditures	3,437	0	13,244
Unliquidated	7,658	0	0
<b>Prior Year Unobligated Funds</b>			
Obligations	0	0	0
<b>Planned Fiscal Year 2006 NOA</b>			
Obligations	3,957	0	8,975
<b>Total Planned Fiscal Year 2006</b>			
Obligations	3,957	0	8,975
<b>Proposed Fiscal Year 2007 NOA</b>			
Obligations	890	10,000	6,475
Future Obligations	4,840	5,500	6,475
Est. Total Cost	20,782	15,500	35,169